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Viewing cable 09QUITO657, CONFUSING SIGNALS ABOUT ECUADOR'S YASUNI ITT CONSERVATION

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cable's unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#09QUITO657**.

Reference ID	Created	Released	Classification	Origin
09QUITO657	2009-07-30 12:24	2011-08-30 01:44	CONFIDENTIAL	Embassy Quito

Appears in these articles:

<http://www.eluniverso.com/2011/04/19/1/1355/cable-218811.html>

VZCZCXYZ0013
RR RUEHWEB

DE RUEHQT #0657/01 2111224
ZNY CCCCC ZZH
R 301224Z JUL 09 ZDK
FM AMEMBASSY QUITO
TO RUEHC/SECSTATE WASHDC 0694
INFO RUEHBO/AMEMBASSY BOGOTA 8290
RUEHCV/AMEMBASSY CARACAS 3659
RUEHLP/AMEMBASSY LA PAZ AUG LIMA 3341
RUEHBR/AMEMBASSY BRASILIA 4233
RUEHRL/AMEMBASSY BERLIN 0126
RUEHMD/AMEMBASSY MADRID 1848
RUEHGL/AMCONSUL GUAYAQUIL 4523
RUEATRS/DEPT OF TREASURY WASHDC
RUEHC/USDA FAS WASHDC 0644
RUCPDO/DEPT OF COMMERCE WASHDC

C O N F I D E N T I A L QUITO 000657

SIPDIS

E.O. 12958: DECL: 07/28/2019
TAGS: [EPET](#) [PREL](#) [SENV](#) [ECON](#) [EC](#)
SUBJECT: CONFUSING SIGNALS ABOUT ECUADOR'S YASUNI ITT CONSERVATION PROJECT

Ref. A) Quito 204

[¶1](#). (C) SUMMARY. On June 24, the ...

id: 218811
date: 7/30/2009 12:24
refid: 09QUITO657
origin: Embassy Quito
classification: CONFIDENTIAL
destination: 09QUITO204
header:
VZCZCXYZ0013
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DE RUEHQT #0657/01 2111224
ZNY CCCCC ZZH
R 301224Z JUL 09 ZDK
FM AMEMBASSY QUITO
TO RUEHC/SECSTATE WASHDC 0694
INFO RUEHBO/AMEMBASSY BOGOTA 8290
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RUEHC/USDA FAS WASHDC 0644
RUCPDO/DEPT OF COMMERCE WASHDC

----- header ends -----

C O N F I D E N T I A L QUITO 000657

SIPDIS

E.O. 12958: DECL: 07/28/2019
TAGS: [EPET](#) [PREL](#) [SENV](#) [ECON](#) [EC](#)
SUBJECT: CONFUSING SIGNALS ABOUT ECUADOR'S YASUNI ITT CONSERVATION PROJECT

Ref. A) Quito 204

[¶1](#). (C) SUMMARY. On June 24, the Ambassador met with former Foreign Minister Francisco Carrion, who is now a principal spokesman for the GOE's Yasuni ITT conservation project. This initiative seeks to protect the Ecuadorian Yasuni National Park in exchange for international financial compensation. Carrion told the Ambassador that the German Government had committed nearly \$1 billion to the project over the next 13 years. On July 7, EconOff met with Roque Sevilla, another spokesman for the project, who confirmed this information and provided additional updates on the status of the project. On July 13, EconOff met with Germany's Ambassador to

Ecuador, Christian Berger, who told EconOff that, in fact, no commitment had yet been made. Ambassador Berger reaffirmed his desire to help preserve the Yasuni park, but expressed frustration about poor communication by the GOE and a lack of clarity about the project's details. End Summary.

AMBASSADOR DISCUSSES YASUNI WITH FORMER FOREIGN MINISTER

12. (C) The Ambassador met with former Foreign Minister Francisco Carrion on June 24. As part of a wide-ranging conversation, Carrion mentioned that he is closely involved in the Yasuni Ishpingo-Tambococha-Tiputini (ITT) initiative. The initiative seeks to have the international community provide financial support to Ecuador in exchange for its promise not to allow oil production in the sensitive Yasuni national park, an area of exceptional biodiversity in Ecuador's eastern rainforest. Carrion told the Ambassador that the German government had recently agreed to support the initiative with donations of 30-50 million euros per year for 13 year this was evidence that the initiative was gaining international credibility. He said the initiative would get further backing from the Inter-American Development Bank (IDB), which he said was setting up an "international trust fund," to allow donations to support poverty reduction, environmental protection, or indigenous programs. Carrion told the Ambassador that there would be an outdoor concert in Madrid on September 19, 2009 to promote the Yasuni initiative. He said this concert would be broadcast around the world and would be part of a global publicity campaign with billboards in major cities. Carrion said the GOE would also promote the initiative at the upcoming conference on climate-change in Copenhagen in December.

SPOKESMAN FOR THE PROJECT BRIEFS ECONOFF ON NEW DEVELOPMENTS

13. (C) On July 7, EconOff followed up on the Ambassador's conversation with Carrion by meeting with Roque Sevilla, a former mayor of Quito, who is another of the principal spokespersons for the Yasuni initiative. Sevilla gave a more extensive briefing on the status of the project, and said the basic structure was unchanged since he briefed diplomats from several western nations in March 2009 (ref A). Sevilla had recently returned from a trip to Europe to promote the initiative with the German and British governments, and he said the trip had been very successful. He confirmed that the German government had agreed to contribute nearly \$1 billion to the initiative, and said the mark of credibility this conferred on the concept had provided a major boost to the initiative.

14. (SBU) Sevilla said that the plan still revolved around selling "Certificates of Guarantee--Yasuni" (CGYs) against the value of the carbon of the Yasuni ITT oil reserves. The GOE previously stated that not exploiting the estimated 950 million barrels of oil in the reserve would prevent an estimated 410 million tons of carbon dioxide (CO2) from being released into the atmosphere. Based upon current European Trading System market rates for CO2 of roughly \$19 per ton, the value of the oil reserves' carbon would be approximately \$7.8 million. Sevilla said the value of the CGYs would be tied to market prices of carbon, which prevented him from giving an exact figure for the total compensation Ecuador is seeking.

15. (SBU) Sevilla said that Ecuador planned to seek donations from the signatories of the Kyoto Accord plus the United States. He said the amounts solicited from each country would be determined by the size of its economy in comparison with the combined GDPs of all the countries. For example, if a country's GDP was 11% of the group's total economic output, Ecuador would ask it to contribute 11% of the costs of the Yasuni initiative.

16. (SBU) In his March 2009 presentation, Sevilla said Ecuador originally planned to have the CGYs classified as carbon bonds ("certified carbon credits") by the signatory countries of Annex 1 of the Kyoto Protocol. Companies and investors would then have been able to purchase CGYs like other carbon credits through the European Trading System and would have registered these purchases with their governments. Sevilla told EconOff that the German government had objected to this plan, however, saying it was too complicated. Sevilla said the GOE will therefore instead solicit contributions directly from European governments, which will be able to pass along the carbon credits to companies and individuals in the manner of their choosing.

17. (SBU) Despite the shift in strategy for Europe, Sevilla said the GOE believes the carbon-credit approach is best for the U.S., since it removes the political liability of spending taxpayer dollars on the project. He pointed to pending legislation in the U.S. Congress that would create a U.S. market for carbon credits, and suggested that CGYs could be traded there. Sevilla said the GOE would soon brief many other countries on the proposal as well, and would provide the same kind of flexibility in order to make the plan workable in different settings.

18. (SBU) The plan calls for funds raised for the initiative to be placed in an international trust. Sevilla said the GOE was in negotiations with both the UN and the Inter-American Development Bank (IDB) to manage the trust. Press reports have stated that the Andean Dev National Development Plan in projects for conservation, reforestation, renewable energy, and social development. The last of these would include education and training programs in areas like ecotourism and agro-forestry.

SEVILLA SEEKS TO ASSUAGE POTENTIAL CONCERNS

19. (SBU) EconOff told Sevilla that the USG was still trying to understand the Yasuni proposal, and questioned him about potential difficulties. EconOff asked if the initiative would not simply drive consumers to other sources of oil, resulting in little overall reduction in the emission of carbon. Sevilla agreed that "leakage" of this sort could occur, but he argued that Ecuador's Yasuni initiative is simply the first step in a new approach to managing oil reserves. Sevilla said that if parallel efforts could be launched in countries like Colombia, Bolivia, Papua New Guinea, and the Philippines--countries that have similar combinations of oil reserves and biodiversity--it would be much harder for consumers to find alternative oil supplies and would eliminate the leakage problem. Sevilla said the effect of this would be to "change the paradigm" of conservation, and he argued that the Yasuni initiative could play a "revolutionary" role by showing that it was a viable approach. Sevilla agreed that the cost of the project was high, but he argued that since the money raised would be used for conservation and reforestation efforts, the plan would actually have an "amplification effect." Climate change would be reduced both by not burning the oil in the reserves and by the conservation projects that the money funded.

110. (SBU) Sevilla admitted that it is difficult for the GOE to offer long-term guarantees for a project like this, but he suggested that

it would be very costly for the GOE to renege on its promises. He noted that any exploitation of the oil by the GOE would be met with scathing criticism from the international community, and would result in the fund being dissolved and assets returned to the certificate-holders. Sevilla pointed out that developing oil reserves takes a minimum of five years, during which Ecuador would receive neither the benefits of the fund nor income from the reserves. He suggested that this financial blow would provide a strong disincentive to abandon the plan. Sevilla also argued that, with the rising global importance placed on biodiversity and a broad public-awareness campaign to support the project, Ecuador's reputation--like that of Costa Rica--would increasingly be dependent upon good environmental stewardship. He said this reputation would be irreparably damaged by any move to abandon the initiative.

¶11. (SBU) Sevilla said the Yasuni public awareness campaign would be launched on September 19, with outdoor concerts in Madrid and Quito call several prominent musical groups and will be broadcast live on outdoor video screens in European capitals and major U.S cities.

GERMAN AMBASSADOR CORRECTS MISPERCEPTIONS -----

¶12. (C) EconOff's meeting with Ambassador Berger of Germany was markedly different in tone from the meetings with Carrion and Sevilla. The Ambassador stressed his strong desire to preserve the Yasuni reserve, noting its remarkable biodiversity and laughing that "Germans are emotional about forests." He flatly denied, however, that the German Government had made any financial commitment to the initiative beyond funding a \$300,000 study of its feasibility. He said he had first seen reports of the nearly \$1 billion German donation in the German press in June, but had confirmed with Ministries in Berlin that no such commitment had been made or was pending.

¶13. (C) Ambassador Berger expressed frustration with the way the GOE has managed the project. He said the German Government had been pressir proposal, and was disappointed that it was still not finalized. He expressed skepticism about the viability of the GOE's carbon-credit idea, saying he thought it was too complicated and would prefer a plan that was simply "donations to protect the forest." Ambassador Berger said he had concerns about long-term guarantees and the price tag for the project but did not think it was worth commenting on them without having been able to review a final proposal. He noted, however, that the current level of German aid to Ecuador is \$10 million a year, which it manages through its GTZ development agency. The Ambassador expressed skepticism that any future commitment would be as large as the reported amount. Ambassador Berger said that Germany i support elsewhere.

COMMENT -----

¶14. (C) Carrion and Sevilla's enthusiasm for this project is infectious, and it is difficult not to wish them success in protecting this ecologically-important rainforest. The conflicting information and lack of specificity makes it difficult to evaluate the project, however. On July 9, just two days after EconOff's meeting with Sevilla, Bloomberg News reported that GOE Foreign Minister Fander Falconi had announced that the GOE would seek a reduced amount of \$3 billion for the project, rather than the \$7 billion it initially sought. Neither Carrion nor Sevilla gave any indication that this was being considered in their meetings with the Ambassador and EconOff. The Yasuni initiative website still does not have a final version of the proposal, and Falconi's announcement suggests that major elements of the plan are still being worked out. EconOff also attempted to find out more information about the planned September 19th concerts in Madrid and Quito, but was unable to locate anything beyond a few scattered references on the Internet. This apparent lack of preparation makes it unclear how major concerts supporting the project will be organized and broadcast globally in less than two months.

¶15. (C) The Embassy believes that Ecuador will continue to promote this project aggressively in the lead-up to the December conference in Copenhagen. We will provide additional updates as new information about the plan emerges.

HODGES

=====CABLE ENDS=====